

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AID-05 CIAE-00 COME-00  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 AGRE-00 /061 W  
----- 011185 /63

R 151420Z DEC 76  
FM AMEMBASSY SANTO DOMINGO  
TO SECSTATE WASHDC 9135  
INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SANTO DOMINGO 6030

E.O. 11652: N/A  
TAGS: EAGR, ETRD, EPAP, DR  
SUBJECT: SUGAR: INCREASED PRODUCTION ANTICIPATED

1. THE SUGAR CANE HARVEST WHICH HAS JUST BEGUN IS EXPECTED TO PRODUCE AN 8-10 PERCENT INCREASE OVER LAST YEAR'S 1,385,000 SHORT TONS (ST). THIS INCREASE WILL BE DUE TO A VARIETY OF FACTORS SUCH AS THE CUTTING OF CANE LEFT OVER FROM LAST YEAR'S CROP, EXPANDED AREAS OF CULTIVATION, AND THE MODERNIZATION OF EQUIPMENT MADE POSSIBLE FROM RECENT WINDFALL EARNINGS.
2. DOMINICAN EXPERTS CLAIM THAT ONLY 366,000 ACRES WERE HARVESTED LAST SEASON OUT OF A TOTAL OF 640,000 PLANTED. THIS MAY HAVE BEEN DUE IN PART TO THE WITHHOLDING OF THE SALE OF SUGAR FROM THE WORLD MARKET FOR FIVE MONTHS.
3. EXCEPTIONALLY HIGH SUGAR PRICES IN 1974-75 RESULTED IN INCREASED AREAS UNDER CULTIVATION. ALTHOUGH PRESIDENTIAL DECREES HAVE FORBIDDEN SUCH EXPANSION, IT TOOK PLACE ANYWAY ON THE PART OF SMALL INDEPENDENT FARMERS AND DOMINICAN MILITARY OFFICERS WHO RECEIVE MILLING PRIVILEGES BY THE STATE SUGAR OPERATION AS ONE OF THE PERQUISITES OF THEIR RANK.
4. THE RENOVATION OF SUGAR MILLS IS INCREASING THE GRINDING CAPACITY. AT THE SAME TIME MODERNIZATION IS ALSO ADDING TO OVERALL EFFICIENCY. INCREASED USE OF BAGASSE AND OTHER PRODUCTS MAY HELP TO IMPROVE PRODUCTION COSTS.

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5. WHILE DEPRESSED SUGAR PRICES ARE DISCOURAGING FOR DOMINI-

CANS, THE COUNTRY MUST STILL DEPEND HEAVILY UPON SUGAR FOR  
EMPLOYMENT, TAX REVENUES, AND ABOUT HALF OF ITS FOREIGN EXCHANGE  
EARNINGS. CONSEQUENTLY, DIVERSIFICATION OUT OF SUGAR AS A LONG-  
RANGE GOAL IS ONE THING, BUT PRESENT-DAY REALITY IS ANOTHER.  
HURWITCH

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, PRODUCTION DATA, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976SANTO06030  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760462-0215  
**From:** SANTO DOMINGO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761240/aaaabitd.tel  
**Line Count:** 66  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 MAY 2004 by BoyleJA>; APPROVED <15 SEP 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SUGAR: INCREASED PRODUCTION ANTICIPATED  
**TAGS:** EAGR, ETRD, EPAP, DR  
**To:** SECSTATE WASHDC LONDON  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006